



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

In reply refer to:
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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Defense Security Cooperation Agency (DSCA) POM-08 Program
Decision Memorandum for Foreign Military Sales (FMS) Administrative and
Foreign Military Financing (FMF) Administrative Funding

References: (a) DSCA Memo, Programming Guidance For The Security Cooperation
Community, POM-08, January 17, 2006
(b) DSCA Memo, FMS Admin Funding In Support of Information
Technology (IT), November 22, 2005

This Program Decision Memorandum (PDM) for FMS and FMF Admin funding establishes funding levels and resource objectives for fiscal years 2008 – 2010. The Implementing Agencies are requested to finalize their resource allocations in the DSCA on-line Enterprise Planner, in line with these targets, within the next two weeks. Following the concepts of Planning, Programming, Budgeting, and Execution (PPBE) these levels establish a baseline for funding in the out years and serve as a precursor to the FY 2007 budget submission.

As stated in the Draft PDM, issued on 23 May, these allocations continue our efforts to balance the FMS Trust Fund – Administrative Account and make investments in information technology. Along with recent initiatives such as the consolidation of case writing, changes to the FMS Administrative Surcharge structure and rate, and the publishing of a revised FMS manpower matrix, our community has taken action to fund our activities properly while providing quality service to keep FMS an effective tool of security cooperation.

Attachment (1) sets objectives and priorities for the use of FMS and FMF Admin throughout our community. Attachment (2) shows the funding allocations by organization and program element. Additional information, such as the list of DSCA responses to the IA submissions, is posted on the Enterprise Planner.

If you have questions or concerns, please contact Mr. Tom Keithly, Requirements Division, at (703) 601-3655 or Thomas.Keithly@dsca.mil.

Attachments:
As stated

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Acting Director

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POM-08 Program Decision Memorandum Priorities and Objectives

Objectives for POM-08. As stated in the DSCA Programming Guidance, objectives for FY 2008-2010 were as follows:

- Integrate the priorities of the latest Security Cooperation Guidance
- Assure the effectiveness of our business practices
- Contribute to balancing the FMS Trust Fund – Administrative Account
- Identify funding to complete the DSAMS Training Module (TM) and allow conversion of DSAMS from Forte to a more supportable computer language
- Lower funding levels in targeted mission areas to identify that funding

Support Key Strategies. Programming allows us to plan our allocation of resources to best meet anticipated future requirements and manage risks in support of our defense and national security strategies, and related guidance. Prudent allocation of these scarce resources will help us to more effectively build partner capacities, ensure global access, and achieve unity of effort in pursuing our strategic goals.

Support the Long War. Our community faces numerous challenges in supporting the Long War - the Global War on Terror. We must ensure that our business practices are effective, efficient, responsive and focused on the needs of those partners directly supporting us in the global struggle against violent extremism. New tools and authorities, especially those resourced through Defense-Wide Operations and Maintenance (O&M) funds, have emerged to help us achieve our goals. They include train and equip programs, the *National Defense Authorization Act* of 2006 section 1206 authority, the Counterterrorism Fellowship Program, and the Regional Centers for Security Studies for which DSCA is executive agent. We must better understand the short-and-long term benefits, costs, and the requirements of these and similar programs. The ongoing security cooperation assessment effort will help us ensure these programs support our national objectives.

Funding for Information Technology. Support for IT is a key aspect of current and future funding needs. DSCA is engaged, with the leadership of the military departments via the SC-5, to examine IT and lay out an IT Roadmap. The reductions identified in these targets permit approximately \$13M in FY 08 and FY 09 to support the completion of the DSAMS Training Module and Forte Conversion. Originally targeted for FY07-09 in reference (b), these requirements have moved to the FY 08-10 timeframe. The targets in FY 10 were intended to support Case Execution IT and address legacy systems such as MISIL, CISIL, and SAMIS. At this juncture, our priority is to complete DSAMS-TM and Forte Conversion and address legacy systems, within these existing targets.

Workload and the Allocation of Funding. DSCA continues to examine a set of factors to more objectively determine the allocation of FMS and FMF Admin. Allocations can relate to income (revenue), the level and type of sales, and a wide variety of workload measures. Past analysis indicates that any conclusions on exact percentages are highly dependent on the combination of factors selected. We will continue to analyze a variety of factors to arrive at a credible set of measures.

Attachment

Funding Profiles. This PDM complies with the areas of reduction identified in Section II. A. of the Programming Guidance. Reductions were targeted in the following areas: Pre-LOR, especially travel; General Administration and Headquarters Functions; End Use Monitoring; and the cost of Local Area Networks (LAN). Generally, reductions on the order of 10% were sufficient to meet our targets. IA submissions showed that we are unable, at this time, to set a limit on the cost per person for LAN's due to actual costs. In future analysis, we will examine the cost of LAN's to ensure that the amounts charged to FMS Admin are appropriate and affordable. DSCA targets were adjusted to reflect overall savings from Centralized Case Writing and PBC. These amounts are designated for the community reserve.

Additional Requirements. A key aspect of the delta-based POM process is the submission of requests for additional funding. DSCA reviewed all requests carefully with involvement of the DSCA Program Element Monitors. Any additional funding is reflected in the PDM allocations in Attachment (2). Few requests, either Initiatives or Disconnects, were approved, due primarily to lack of funding or because they lacked adequate justification. The DSCA position on each request will be provided to the respective Implementing Agency.

Support for Active Product Lines. One of the areas mentioned in the Programming Guidance was to reduce FMS Admin support for programs that are either inappropriate or are no longer current. Consistent with the budget and POM guidance over the past year, action must be taken to ensure that FMS Admin and, to a lesser extent, FMF Admin, is provided only to those organizations that administer active DoD systems and programs. The military departments have all demonstrated ways to monitor which systems or products are supported, such as forming a Manpower IPT to examine functions and funding of every billet. As products and services change over time, Implementing Agencies are charged with realigning FMS Admin resources (funding and manpower) accordingly.

Consolidated Case Writing. DSCA Policy Memo 06-16, dated February 28, 2006, announced the Consolidated Case Writing Initiative. It approved the actions necessary to stand up a new Case Writing Office (CWO) no later than 1 March 2007. The targets in Attachment (2) include adjustments, previously announced, to move resources and effect a net savings per the recommendations of the Business Efficiencies Analysis Team (BEAT).

Performance Based Management. PPBE is a key element in our efforts toward Performance Based Management (PBM). The POM has resulted in better insights into the use of our resources. PE-20, Workforce Development, is a good example where increased attention by DSCA and the Implementing Agencies has resulted in a more detailed knowledge of how funds support the training and development of our people. At DSCA we have increased our attention to the budgeting and execution of resources, to ensure our activities follow our plan, realign where necessary, and support unfunded requirements that have merit. In PPBE our goal is to make sure that investments pay off. The DSCA memo of May 5, 2006, informed the community of our suspending the data collection for Performance Base Costing (PBC). This was a difficult decision that shows our commitment to getting return on investment. We continue our commitment to PBM through a renewed attention to the use of business metrics, corporate analysis and leadership via the Security Cooperation Deputies Forum and other groups, as well as programming. We will emphasize the use of the on-line Enterprise Planner to provide an

efficient means to submit and track resources. DSCA, working with the BEAT, found ways to lower the cost of this tool to a minimum, while maximizing its utility.

The Way Ahead. The future offers plenty of reasons to continue to examine and align out-year resources. DSCA intends to apply programming to support investments that are intended to benefit the community, such as IT and End Use Monitoring. We will set priorities, via the next DSCA Planning Guidance and POM-09 Programming Guidance, to support key strategies and keep our business processes efficient and responsive. New areas of joint capability, such as missile defense, the Joint Strike Fighter, and Special Operations, will require us to reexamine our ways of doing business. Our largest program elements – Logistics and Acquisition – require closer examination for us to adequately relate their activities to the objectives of Case Execution. We will be proactive to make the connections between policy, process, and resources to support our national policy objectives.